
OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

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Parking Meter Utilization Improvement

OVERVIEW

On Monday, March 30, 2009 the City Council will consider changes to the City's Parking Meter Program. This item was previously heard at the Land Use & Housing Committee meeting on March 11, 2009. At that meeting the Committee asked staff to seek input from the Community Planners Committee and then referred the plan to the City Council for action. If the modifications to the City's Parking Meter Program are approved the results will be:

- Establish a target on-street utilization rate of 85% to optimize parking (The current average meter utilization rate in the City is 38%.)
- Authorize the Mayor to set meter rates between \$.50 and \$3.00 (Performance Based Pricing) to facilitate the optimal on-street utilization rate. The conventional approach is to set a static rate regardless of location and duration. Currently, the majority of the City's parking meters are set at \$1.25 per hour.
- Authorize the Mayor to change the operational hours for parking meters from 8:00 am – 6:00 pm (Sundays and City Holidays excepted) to within a range of 8:00 am – 2:00 am (Monday through Sunday with Holidays excepted) based on market demand.
- Authorize changes to Council Policy 100-18. Under the current Council policy, the City's costs for administering the Community Parking Meter program are absorbed by the City with the exception of (\$113,000) related to administrative services. If the proposed modifications to Council Policy 100-18 are approved, the Community Parking Districts will assume 45% of the operational costs to the program. ***If approved, this would result in a significant savings to the City's General Fund of \$948,095.***
- Add 5.00 positions (1.00 Senior Parking Meter Technician, 3.00 Parking Meter Technicians, and 1.00 Transportation Engineer) to the Fiscal Year 2010 Budget to handle the tasks associated with administering the program during the extend operating hours at a cost of \$473,192

On-Street Utilization Rate:

The point at which parking supply is maximized yet there remains a sufficient level of parking available to motorists.

- An estimated net revenue increase (Total revenue less total expenses) to the General Fund of \$4.3 million in Fiscal Year 2010 based on staff's projections.
- Through the use of new technology the ability of the City and Community Parking Districts to analyze meters and on-street parking utilization using real time data.

The purpose of this report is to review staff's proposal as well as provide additional information to augment the information included in staff's March 16, 2009 report to the City Council.

FISCAL/POLICY DISCUSSION

In June 2003, the City Council asked the City Manager to form a Parking Task Force to make recommendations on parking related issues. One of the recommendations of the Parking Task Force was to create a Downtown Parking Pilot Program to provide information and sample techniques that would optimize the use of on-street parking in the Downtown area that could be applied Citywide. One of the significant technology improvements deployed in the Pilot area was the swapping of single coin operated meters for multi-space pay stations. The multi-space pay stations accept a variety of payment methods including credit card, coins, and prepaid value cards. The multi-space pay stations are also outfitted with wireless capabilities allowing real-time data to be shared with City staff at a central location. In addition, the wireless capability enables staff to impose different parking rates and time limits during different hours of the day or week. This concept is known as Performance Based Pricing. ***If approved the Council will be authorizing staff, with input from the Community Parking Districts, to change the hourly rate from a static \$1.25 to a range of \$.50 - \$3.00 and the parking meter operational hours from 8:00 am – 6:00 pm to a range of 8:00 am – 2:00 am depending on the market demand.*** The proposed expansion of the City's Parking Meter Program is based on data that was acquired from the Pilot area using the multi-space pay stations.

Additional Revenue to the City

Starting in Fiscal Year 2010, staff is estimating a gross increase of \$8.4 million in revenue to the City and Community Parking Districts as a result of the proposed changes to the Parking Meter Program. This would be in addition to the \$7.6 million already budgeted in the General Fund for Fiscal Year 2009, resulting in a 110% percent increase. Revenue from this program is deposited in the City's General Fund and then disbursed to the Community Parking Districts based on the allocation formula outlined in Council Policy 100-18. For Fiscal Year 2010, staff is projecting that the City will receive a net increase of \$4.3 million to the General Fund. This figure is net of expenses related to Personnel, Non-Personnel, and the Community Parking Districts' transfers. Staff has estimated the increase to parking meter revenue for Fiscal Year 2010 using the following assumptions:

- 5,150 total parking meter “spaces” in the City of San Diego.
- Using an average of 15 hours per space per day (The maximum hours of operation under the new proposal is 18). Currently, parking meter revenue is based on 10 hours per space per day.
- Using the current hourly rate of \$1.25.
- Total number of operating days increases from 302 to 354.
- On-street utilization rate of 38% per meter per day. This is based on the Pilot area utilization rate.
- Using the Fiscal Year 2008 Actual revenue of \$7.5 Million and multiplying by 50% to capture increased revenue due to the Performance Based Pricing.
- Increased revenue due to the multi-space pay stations and new technology single head meters having a credit card option.

The IBA was provided with the assumptions and backup information related to the calculations of the increased parking meter revenue. The overall assumptions were sound and under the proposal the City will experience an increase in revenue. The potential increase in parking meters hours alone will result in additional revenue for the City. However, the IBA would like to point out that there are risk factors with staff’s assumptions. One risk factor is the Pilot area did not include extended hours or days. As a result, staff was not able to test the theory that the multi-space pay stations or meters would experience the same usage during the extended hours as in daylight hours.

In addition, the switch from existing coin operated parking meters to a combination of multi-space pay stations and new technology single head meters will take time to purchase and install. Staff has indicated that the swap out of meters is relatively quick, a day at the most, but it is important to note that the City has over 5,150 meters. Both of these factors could result in less than expected revenues to be collected in Fiscal Year 2010. The IBA does agree that projected revenues will be achieved in time as the program is fully implemented.

With the City facing an estimated \$60 million deficit for Fiscal Year 2010, the increased revenue as a result of the changes to the Parking Meter Program would be welcomed. However, the City needs to ensure that the amount of revenue that is included in the Fiscal Year 2010 Proposed Budget is as accurate as possible. If the City underestimates the revenue and makes reductions to the Fiscal Year 2010 Proposed Budget then service levels are impacted unnecessarily. If the City overestimates the revenue and the projections are not met, then services might need to be reduced mid-year 2010.

It is unclear if staff will be including the additional revenue from the Parking Meter Program modifications in the Fiscal Year 2010 Proposed Budget. However, the IBA will evaluate the amount that is included in the proposed budget, if any, as part of our review of the Mayor’s Fiscal Year 2010 Proposed Budget.

Additional Personnel/Non-Personnel Expenses Required To Support The Increased Service Hours

The City Treasurer's Fiscal Year 2009 Annual Budget includes 1.00 Parking Meter Supervisor and 8.00 Parking Meter Technicians to administer the City's Parking Meter Program. This includes the maintenance and collection of revenue from the parking meters and multi-space pay stations. To address the increase in service hours, staff is proposing to add 5.00 positions (1.00 Senior Parking Meter Technician, 3.00 Parking Meter Technicians, and 1.00 Traffic Engineer) at a cost of \$473,192. Staff anticipates that the increased personnel expenditures will be offset by the anticipated increase in revenue. If approved, the 4.00 Parking Meter Technicians will be added to the City's budget in a "limited" capacity. Staff estimates that as the City switches to new technology meters and multi-space pay stations the need for these positions will decrease resulting in their reduction in future fiscal years.

It should be noted that the change in operational hours for parking meters from 8:00 am – 6:00 pm to 8:00 am – 2:00 am could result in altering existing staff's work hours. This change would require negotiation through the Meet and Confer process. If the Meet and Confer process is not successful it is unclear what impacts this would have on the expansion of the program.

The following chart details the increased Non-Personnel expenditures related to the proposed modifications to the Parking Meter Program.

Expenditure	Amount
Signage, Auto-Cites, and misc. equipment	\$99,820
City's share required to replace existing coin operated parking meters	\$650,000
Increased cash transfer to Community Parking Districts as a result of revenue increases	\$2,838,171
Total:	\$3,587,991

Changes to Council Policy 100-18

One of the items that the City Council is being asked to consider is modifications to Council Policy 100-18. Under the current Council policy, the City's costs for administering the Community Parking Meter program are absorbed by the City with the exception of (\$113,000) related to administrative services. If the proposed modifications to Council Policy 100-18 are approved, the Community Parking Districts will assume 45% of the operational costs to the program. ***If approved, this would result in a significant savings to the City's General Fund of \$948,094.*** Attachment A to this report illustrates the General Fund revenue differences under the existing Council Policy and the modified one. Staff has indicated that the Community Parking Districts' support the changes to the Council Policy.

Rent/Purchase of New Parking Meters

For the Pilot area the City rented multi-space pay stations from Cale Parking Systems at a cost of \$125.00 per station per month. In addition to the rental costs, there is a \$40 per station per month fee for the real-time communications link. Based on the success of the pilot program, the City is currently in negotiations to purchase or lease-purchase the original 51 pilot stations and an additional 80 stations. The cost and installation of the multi-space pay stations is divided between the City and the Community Parking Districts using the 55/45% allocation method as outlined in Council Policy 100-18.

Staff has indicated that once negotiations are complete they will be coming forward to the City Council for authorization to purchase or lease-purchase the multi-space pay stations.

If the proposed modifications to the Parking Meter Program are approved, staff will replace the existing coin operated meters with a combination of multi-space pay stations and new technology single head meters. Currently, staff is conducting a four-month pilot project in the Uptown and Downtown Community Parking Districts to evaluate new technology single head meters. The new meters are solar-powered and have similar real-time communication capabilities as the multi-space pay stations. The decision to use either a multi-space pay station or single head meter will depend on the location. Staff has indicated that before they replace the existing meter they will ask the Community Parking Meter Districts for input.

CONCLUSION

The IBA is supportive of the proposed changes to the Parking Meter Program and is optimistic that the projected revenues will be achieved in time as the program is fully implemented. However, as discussed above, there are risk factors associated with staff's revenue assumptions. The IBA will evaluate the revenue amount included in the Fiscal Year 2010 Proposed Budget and report concerns, if any, to the City Council during budget hearings. ***Finally, the IBA recommends that if approved, the Parking Meter District Program should present bi-annual updates on the status of the program and revenue collections to a City Council Committee.***

[SIGNED]

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Attachment

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APPROVED: Andrea Tevlin
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